GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:94
ANSWERED ON:21.07.2017
Black Money Stashed Abroad
Biswas Shri Radheshyam;Chandumajra Shri Prem Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any assessment of the black money stashed by Indians in foreign countries/banks;
(b) if so, the details thereof along with the amount of black money stashed by Indians and the steps/measures taken by the Government during the last three years to bring back the same from foreign countries/banks;
(c) whether the Government has made agreements or negotiations with various countries/banks including Singapore for sharing information on black money stashed abroad by Indians and for its recovery;
(d) if so, the details thereof along with the black money stashed in Switzerland, Singapore and Hong Kong and the names of depositors; and
(e) whether the Government has constituted a Special Investigation Team (SIT) on black money, if so, the details of progress made/report presented by the SIT and the action taken by the Government on the SIT report?

Answer

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. *94, RAISED BY PROF. PREM SINGH CHANDUMAJRA AND SHRI RADHESHYAM BISWAS, HON'BLE MEMBERS OF PARLIAMENT, FOR REPLY ON 21ST JULY, 2017

There is no official estimation of quantum of black money stashed by Indians in foreign countries/banks. However, on the basis of recommendations of the Standing Committee on Finance, the Government had commissioned a study, inter alia, on estimation of unaccounted income and wealth inside and outside the country, to be conducted by National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). The Reports of these Institutes and the government's response on the findings in the Reports would be placed before the Standing Committee on Finance shortly.
The Government has taken several measures to effectively tackle the issue of black money, particularly black money stashed away abroad. Such measures include policy-level initiatives, effective enforcement actions on the ground, putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and data integration and mining through increasing use of information technology. Major steps taken during the last three years in this regard include the following:

(i) The SIT on black money was constituted by the Government under the chairmanship and vice chairmanship of two former Judges of Hon'ble Supreme Court through Notification dated 29th May 2014. The SIT has so far submitted 5 reports to the Hon'ble Supreme Court. The major recommendations of the SIT, inter-alia, include quoting of PAN compulsorily for purchases over Rs. 1 Lakh, putting an upper limit to cash transactions/holdings, suggestions to curb Trade based money laundering, prevention of misuse of Participatory Notes and suggestions on several case specific issues. While acting upon case-specific suggestions, recommendations of the SIT on policy related issues have been duly examined and various follow up actions taken.
(ii) India has proactively joined the global efforts to implement a uniform global standard on Automatic Exchange of Information on a fully reciprocal basis facilitating exchange of information regarding persons hiding their money including in offshore financial centres and tax havens through multilayered entities with non-transparent ownership
(iii) Double Taxation Avoidance Agreements (DTAAs) with other countries have been renegotiated to bring the Article on Exchange of Information to International Standards and India's Treaty Network has been enlarged by signing new DTAAs and TIEAs. As on January 2017, India had tax treaties with 139 countries/foreign jurisdictions, including Singapore, for exchange of information for curbing of black money.
(iv) India and Singapore also amended the DTAA for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income, by signing a Third Protocol in December 2016. The Third Protocol provides for source based taxation of capital gains arising on transfer of shares in a company to enable curbing revenue loss and prevention of double non-taxation.

(v) The Government has proactively engaged with foreign governments for exchange of information under available instruments. As part of investigations in undisclosed foreign asset cases of Indians during last 3 years, there has been about three fold increase in number of requests made by the Indian competent authorities under tax treaties to their counter parts abroad.

(vi) A comprehensive law − 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' was enacted which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad.
(vii) Willful attempt to evade tax etc. under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 was made a scheduled offence under PMLA, 2002
(viii) Attachment and confiscation of property equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country has been enabled by amending the Prevention of Money-laundering Act, 2002 through the Finance Act, 2015.
(ix) Enforcement actions have been intensified in high impact cases, inter alia, with a view to prosecute the offenders at the earliest possible. Substantial increase in criminal prosecutions in undisclosed foreign assets cases has strengthened credible deterrence against tax evasion.
(x) The information collection and enforcement mechanism has been strengthened and streamlined, inter alia, through extensive use of information technology & capacity building.

Further, information on 628 Indian persons holding bank accounts in HSBC bank in Switzerland was received from the Government of France under Double Taxation Avoidance Convention (DTAC) between India and France. As a result of systematic investigations in these cases, undisclosed income of about Rs.8437 crore was brought to tax till May, 2017 (which included protective assessments in some cases). Besides, concealment penalty of Rs.1287 crore was levied in 162 cases and 199 criminal prosecution complaints were filed in 84 cases.

Investigations into information pertaining to about 700 Indian persons allegedly linked to offshore entities based in no tax or low tax jurisdictions put into public domain by the International Consortium of Investigative Journalists (ICIJ) have led to detection of more than Rs.11,010 crore of credits in undisclosed foreign accounts. 72 prosecution complaints in 31 such cases have been filed before criminal courts.

The Government constituted a Multi-Agency Group (MAG) in April 2016, for facilitating co-ordinated and speedy investigation in the cases of Indian persons allegedly having undisclosed foreign assets and whose names were reportedly included in Panama Papers leaks. As part of investigations, 264 references have been sent to foreign jurisdictions concerned under the tax treaties. While taking forward investigations expeditiously, criminal prosecution complaints have been filed in 3 such cases.

The information received under the tax treaties can be used for tax purposes and its disclosure is governed by the confidentiality provisions of such tax treaties. Further, disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961.
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